

Report of the Directors and
Financial Statements for the Year Ended 30 June 2016
for
Schivo UK Limited

Contents of the Financial Statements
for the Year Ended 30 June 2016

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6

Schivo UK Limited
Company Information
for the Year Ended 30 June 2016

DIRECTORS:	Mr P Hunt Mr S Kilgannon
SECRETARY:	Mr P Hunt
REGISTERED OFFICE:	Unit C Mortimer Road Narborough Leicester Leicestershire LE19 2GA
REGISTERED NUMBER:	03555613 (England and Wales)
AUDITORS:	A D Doshi & Co Chartered Certified Accountants and Registered Auditors 43 Glen Way Leicester LE2 5YF

Report of the Directors
for the Year Ended 30 June 2016

The directors present their report with the financial statements of the company for the year ended 30 June 2016.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of engineering.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2015 to the date of this report.

Mr P Hunt
Mr S Kilgannon

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, A D Doshi & Co, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

Mr P Hunt - Director

28 June 2017

Report of the Independent Auditors to the Members of
Schivo UK Limited

We have audited the financial statements of Schivo UK Limited for the year ended 30 June 2016 on pages four to ten. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006.

Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them

in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume

responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable

assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an

assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied

and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation

of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to

identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially

incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become

aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Mr Amit Doshi (Senior Statutory Auditor)
for and on behalf of A D Doshi & Co
Chartered Certified Accountants
and Registered Auditors
43 Glen Way
Leicester
LE2 5YF

28 June 2017

Page 3

Profit and Loss Account
for the Year Ended 30 June 2016

	Notes	30.6.16 £	30.6.15 £
TURNOVER	2	2,992,632	3,448,558
Cost of sales		<u>2,411,667</u>	<u>2,417,894</u>
GROSS PROFIT		580,965	1,030,664
Administrative expenses		<u>1,411,570</u> (830,605)	<u>770,679</u> 259,985
Other operating income		<u>22,117</u>	<u>4,849</u>
OPERATING (LOSS)/PROFIT and (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(808,488)	264,834
Tax on (loss)/profit on ordinary activities	4	<u>954</u>	<u>53,060</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u><u>(809,442)</u></u>	<u><u>211,774</u></u>

Balance Sheet
30 June 2016

	Notes	30.6.16 £	£	30.6.15 £	£
FIXED ASSETS					
Tangible assets	5		552,246		529,853
CURRENT ASSETS					
Stocks		304,993		277,615	
Debtors	6	762,378		1,089,687	
Cash at bank and in hand		<u>23,594</u>		<u>334,747</u>	
		1,090,965		1,702,049	
CREDITORS					
Amounts falling due within one year	7	<u>830,524</u>		<u>603,443</u>	
NET CURRENT ASSETS			<u>260,441</u>		<u>1,098,606</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			812,687		1,628,459
CREDITORS					
Amounts falling due after more than one year	8		(1,190,606)		(1,196,936)
PROVISIONS FOR LIABILITIES	11		<u>(10,941)</u>		<u>(10,941)</u>
NET (LIABILITIES)/ASSETS			<u><u>(388,860)</u></u>		<u><u>420,582</u></u>
CAPITAL AND RESERVES					
Called up share capital	12		200		200
Profit and loss account	13		<u>(389,060)</u>		<u>420,382</u>
SHAREHOLDERS' FUNDS			<u><u>(388,860)</u></u>		<u><u>420,582</u></u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Board of Directors on 28 June 2017 and were signed on its behalf by:

Mr P Hunt - Director

Mr S Kilgannon - Director

Notes to the Financial Statements
for the Year Ended 30 June 2016

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year and also have been consistently applied within the same accounts.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

Exemption from preparing a cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax. Sales of goods are recognised on the date of delivery.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 20% on cost and 15% on cost
Fixtures and fittings	- 20% on cost and 15% on cost
Motor vehicles	- 20% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the date of transaction. The related exchange gains or losses are taken into account in arriving at the operating result.

Government grants

Government grants related to asset is recognised as deferred income and recognised in profit and loss account over the useful life of the asset and government grants related to income is presented as income within profit and loss account.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2016**2. TURNOVER**

The turnover and loss (2015 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market for the year ended 30 June 2015 is given below:

United Kingdom	91.84%
Europe	8.16%
	<u>100.00%</u>

This analysis is not considered to be applicable to the year ended 30 June 2016.

3. OPERATING (LOSS)/PROFIT

The operating loss (2015 - operating profit) is stated after charging:

	30.6.16	30.6.15
	£	£
Depreciation - owned assets	85,283	49,241
Depreciation - assets on hire purchase contracts	143,371	141,593
Pension costs	<u>7,149</u>	<u>230</u>
Directors' remuneration and other benefits etc	<u>-</u>	<u>-</u>

4. TAXATION**Analysis of the tax charge**

The tax charge on the loss on ordinary activities for the year was as follows:

	30.6.16	30.6.15
	£	£
Current tax:		
UK corporation tax	954	-
Deferred tax	-	53,060
Tax on (loss)/profit on ordinary activities	<u>954</u>	<u>53,060</u>

5. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 July 2015	1,154,856	59,871	7,499	1,222,226
Additions	247,950	3,097	-	251,047
At 30 June 2016	<u>1,402,806</u>	<u>62,968</u>	<u>7,499</u>	<u>1,473,273</u>
DEPRECIATION				
At 1 July 2015	649,524	38,724	4,125	692,373
Charge for year	221,084	6,070	1,500	228,654
At 30 June 2016	<u>870,608</u>	<u>44,794</u>	<u>5,625</u>	<u>921,027</u>
NET BOOK VALUE				
At 30 June 2016	<u>532,198</u>	<u>18,174</u>	<u>1,874</u>	<u>552,246</u>
At 30 June 2015	<u>505,332</u>	<u>21,147</u>	<u>3,374</u>	<u>529,853</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2016

5. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
COST	
At 1 July 2015	773,053
Additions	245,000
Transfer to ownership	<u>(260,000)</u>
At 30 June 2016	<u>758,053</u>
DEPRECIATION	
At 1 July 2015	339,659
Charge for year	143,371
Transfer to ownership	<u>(211,310)</u>
At 30 June 2016	<u>271,720</u>
NET BOOK VALUE	
At 30 June 2016	<u>486,333</u>
At 30 June 2015	<u>433,394</u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.16 £	30.6.15 £
Trade debtors	629,407	1,068,730
Amounts owed by group undertakings	88,491	-
Other debtors	<u>44,480</u>	<u>20,957</u>
	<u>762,378</u>	<u>1,089,687</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.16 £	30.6.15 £
Hire purchase contracts	138,682	129,291
Trade creditors	313,531	287,441
Taxation and social security	42,403	107,056
Other creditors	<u>335,908</u>	<u>79,655</u>
	<u>830,524</u>	<u>603,443</u>

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30.6.16 £	30.6.15 £
Hire purchase contracts	232,084	230,122
Amounts owed to group undertakings	<u>958,522</u>	<u>966,814</u>
	<u>1,190,606</u>	<u>1,196,936</u>

9. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	30.6.16 £	30.6.15 £
Expiring:		
Between one and five years	<u>42,500</u>	<u>42,500</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2016**10. SECURED DEBTS**

The following secured debts are included within creditors:

	30.6.16	30.6.15
	£	£
Hire purchase contracts	<u>370,766</u>	<u>359,413</u>

11. PROVISIONS FOR LIABILITIES

	30.6.16	30.6.15
	£	£
Deferred tax		
Deferred tax	-	(42,119)
Deferred tax	<u>10,941</u>	<u>53,060</u>
	<u>10,941</u>	<u>10,941</u>
		Deferred tax
		£
Balance at 1 July 2015		<u>10,941</u>
Balance at 30 June 2016		<u>10,941</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.6.16	30.6.15
			£	£
200	Ordinary	1	<u>200</u>	<u>200</u>

13. RESERVES

	Profit and loss account
	£
At 1 July 2015	420,382
Deficit for the year	<u>(809,442)</u>
At 30 June 2016	<u>(389,060)</u>

14. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent undertaking for the current year and the previous year was Schivo Group Limited, a company incorporated in Ireland. In the opinion of the directors, the ultimate controlling party was Schivo Group Limited by virtue of the company's 100% shareholding in Schivo UK Limited.

15. CAPITAL COMMITMENTS

	30.6.16	30.6.15
	£	£
Contracted but not provided for in the financial statements	<u>-</u>	<u>8,850</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2016

16. RELATED PARTY DISCLOSURES

Schivo Precision Limited (SPL) (Incorporation in Ireland)

A company in which the directors have an interest

During the year, the company paid management charges of £187,685 (2015 - £265,501) to SPL. Also, the company made sales of £61,250 (2015 - £111,919) and made purchases of £4,236 (2015 - £10,266) in the year. Deposits amounting to £34,600 (2015 - £Nil) were also paid on behalf of SPL. Net amounts owing to SPL at 30 June 2016 was £923,922 (2015 - £966,961).

Schivo NI Limited (SNI) In Administration

A company in which the directors have an interest

During the year the company made sales of £62,890 net of VAT (2015 - £Nil) to SNI and paid advances and payments of account amounting to £463,439 (2015 - £Nil). The company is now in administration and according to the best reasonable estimates only 10% of these amounts are now deemed to be recoverable and an appropriate provision for bad debts in provided in the financial statements.

	30.6.16	30.6.15
	£	£
Amount due from related party at the balance sheet date	538,908	-
Provisions for doubtful debt at the balance sheet date	<u>485,017</u>	<u>-</u>

17. GOVERNMENT GRANT

During the year the company received £69,843 (2015 - £58,188) in local government grant in order to facilitate investment in new plant and machinery. These grants are being recognised as income in the profit and loss account over the life of those plant and machinery. Amount recognised in the year was £22,117 (2015 - £4,849).

18. GOING CONCERN

At 30 June 2016, company's liabilities exceed its assets by £388,860. However, included within the creditors is £923,922 owed to Schivo Precision Limited (Incorporated in Ireland) (SPL) - a sister subsidiary of Schivo Group Limited (Incorporated in Ireland) (SGL). Both these companies have pledged that they will not seek repayment of this balance until such time that full liquidity is reached. Both SPL and SGL have given further undertaking that they will continue to support the company in meeting its day to day working capital requirements for the foreseeable, if such a need arises.

In addition, the directors believe that had it not been for an exceptional one-off bad debt charge of £644,426, out of which £485,017 related to an inter-company loan written off (see note 16 above), the company would have had a surplus of assets over its liabilities as at 30 June 2016.

Going forward, the directors believe that all cash flow forecasts and trading results are indicating that the company will reach full liquidity within the foreseeable future.

In view of this, the directors believe that going concern basis for preparation of the financial statements is appropriate.